Executive Summary

There is little question that trends in the New Economy have changed the way business is done, and knowledge and skills now determine one's competitive edge. Research shows that more and more jobs are requiring higher levels of skill than in the past. Research also shows that the labor force, as a whole, has not adapted to the changes, resulting in low-skilled, low-waged workers. As it stands, businesses lack qualified workers, employees lack the ability to get quality jobs, and governments are faced with the challenges of both.

Best Practices

The Workforce Investment Act of 1998 (WIA) provides a foundation for state and local workforce development systems, particularly in the creation of One-Stop Centers. The goal of the One-Stop is to provide businesses and job seekers with convenient access to employment, education, training, and information services in a localized area. States at the forefront of workforce development change have gone beyond the framework of the WIA and demonstrated innovative measures in skills assessment and training. From these innovations, several trends in successful workforce transformation have surfaced.

First, strong leadership and active involvement from the governor is necessary for successful workforce transformation. Second, states must create a unified workforce development system. Approaches to unifying systems include program consolidation, program coordination, developing and implementing performance indicators, and the creation of One-Stop Centers. Third, workforce development must be recognized as a core economic growth strategy. States must redefine the roles and focus of key agencies and departments, directing attention to training, retraining, attracting and keeping a qualified workforce.

Adopting a dual customer approach to workforce development is another trend in successful workforce development transformation. Employers and jobseekers must be treated as *equal* customers in the workforce development system. Many employers have a negative view of state workforce systems. In a "Jobs for the Future" survey of employers actively working with public employment and training systems, fewer than half responded that the local Workforce Investment Boards engaged local employers in meaningful ways and just half said they would recommend their local one-stop center as a valuable resource to other employers. Changing employers' views and involving them in workforce development systems is necessary for successful workforce systems.

Skills partnerships have arisen as a proven strategy in assisting low-income, low-waged workers in gaining employment and moving into higher level positions. Skills partnerships are industry-based partnerships that combine companies, educational institutions, training programs and interested community parties in an effort to address local and regional problems such as skill or worker

shortages and a lack of career advancement opportunities for low-skilled workers. Types of skills partnerships include single-firm, single industry, sector-based and cross-sector partnerships.

Successful skills partnerships require significant planning and consideration. Creation of partnerships should be incremental, starting simply with only one firm, industry or skill level and adding components as the need, resources and interest increases. Three stages in the development of skills partnerships are:

- ✓ Assessment and Planning
- ✓ Partnership Building and Program Development
- ✓ Operation and Sustainability/Expansion

Once in operation, a skills partnership will greatly benefit local, regional and state workforces. Employers will have access to the newly skilled workers. Meanwhile, workers will begin to view low-skill, entry-level positions as entry points into a workforce development system that provides opportunities to increase their skill levels and advance their careers. Over time, a skills partnership will result in a system that is both more responsive to employers and that gives workers clear pathways for advancement through the labor market.

Plan of Action

Missouri's workforce development system has a variety of programs available for target groups with employment needs including Adult, Dislocated Worker, Veteran and Youth Programs. There are thirty-two career centers in fourteen Workforce Investment Regions in the state to facilitate the workforce development system. Employers have an opportunity to receive tax credits for the hiring of individuals from targeted groups. Additionally, employers have the opportunity for assistance with training programs, primarily aimed at new job creation. The Missouri Rapid Response Team aids businesses and employees faced with closings or layoffs. Missouri has also recently launched Toolbox, a computer-based system to integrate records from state and local partner agencies, in an effort to help streamline services.

Missouri has made strides in workforce development. Missouri met or exceeded many WIA performance measures for Program Year 2000, missing only three of the seventeen criteria. Despite these efforts, Missouri still has room for improvement, ranking in the bottom half of the country in two key indices measured by the Progressive Policy Institute. Further, according to the resources sited for this report, current Missouri practices are not acknowledged as national best practices.

Based on this study's findings, Missouri should consider the following action plans:

- ***Establish a dual customer focus,*** addressing employer needs and allowing them to be active in the workforce development process;

- ***Develop skills partnerships.*** MERIC's Target Missouri II analysis is a tool Missouri can use to set up these partnerships;

- ***Cross train staff and build seamless integration of services*** to eliminate duplicative services and create a more customer-oriented environment;

- ***Market and promote Missouri's workforce system to change misperceptions about the services offered.*** Creating informative, easily navigable, crosslinked websites is an easy way to promote programs;

- ***Improve accessibility to Career Centers.*** While Missouri has thirty-two career centers, there are areas of the state outside of easy access to any of them. Several areas are more than 35 miles from a full-service center, particularly in southeast Missouri, where unemployment tends to be high.

Missouri must redefine workforce development to remain competitive. The economy is changing and Missouri must adapt. A highly educated, trained workforce would allow Missouri to more easily respond to changes. The suggestions and best practices in this report outline ways Missouri could improve its workforce system, thereby improving the quality of its workforce and economic vitality of the state as a whole.

Workforce Training in the New Economy

Table of Contents

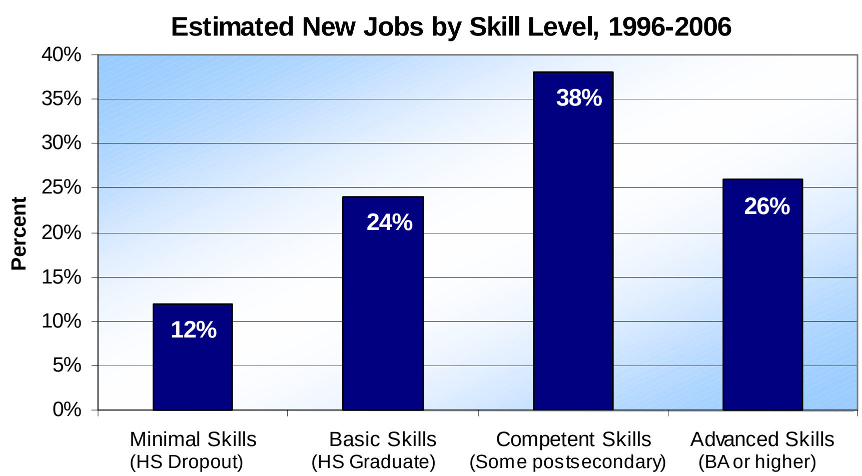
MERIC DEPARTMENT of ECONOMIC DEVELOPMENT

MISSOURI ECONOMIC RESEARCH & INFORMATION CENTER

Importance of Workforce Training

The nation's workforce is not keeping up with the changing economy. According to a report by The Conference Board in 1999, more than 40 percent of the U.S. workforce and more than 50 percent of high school graduates do not have the basic skills to do their job.[1] The National Federation of Independent Business reported that 71 percent of small employers recently seeking employees say qualified employees are hard to find. Also, the National Association of Manufacturers reported that 80 percent of manufacturers continue to experience a moderate to serious shortage of qualified job candidates, despite the slowing economy.

With the transition of the world from industry to information, human skills and knowledge are the keys to competitiveness. The largest growing categories of jobs require more education than in the past. For example, managerial and professional jobs increased from 22 percent of all jobs in 1979 to 36 percent in 1999.[2] Nearly two-thirds of the new jobs expected between 1996 and 2006 will require some skills or education beyond high school.



Source: Council on Competitiveness[3]

Further, the wage gap between those with varying levels of education indicates that the current labor force is not meeting skills demanded by the job market. The disparity in earnings between a high school and college graduate between 1979 and 1998 increased from 38 to 71 percent.[4]

---

[1] Bloom, Michael R. and Lafleur, Brenda. "Turning Skills Into Profit: Economic Benefits of Workplace Education Programs." *The Conference Board* (1999) p 3.

[2] Atkinson, Robert A. "Building Skills for the New Economy: A Policymaker's Handbook." Policy Report. *Progressive Policy Institute*. (April 2001) p. 2.

[3] As quoted by Van Opstal, Deborah. "The Skills Imperative: Talent and U.S. Competitiveness." *Issues in Science and Technology*. (Fall 2001) Volume 8, Issue 1, p. 52.

[4] Van Opstal, p. 52.

Some of the events that have led to this need for higher skills include changes in technology, globalization, and demographics.

Technological advances have changed the economy and the way business is done. The use of machines and new technology not only reduced the need for low-skilled workers who once performed those tasks, but also created a need for a more highly skilled labor force to maintain and operate them. Globalization has also created a demand for a skilled workforce. There is now direct competition between low-skilled workers in the U.S. and low-skilled, and often, lower-waged workers in other countries. Changing demographics of the U.S. are also contributing to the new labor force demands. By 2030, with the aging baby boomers, almost 30 percent of the workforce will be over the retirement age, leaving large gaps in the experience and skills of the labor market.[5]

The speed of the New Economy is redefining the labor market as well. As new businesses are constantly forming and established businesses are changing in response to new competition, employee turnover rates are high. On average, a person entering the workforce today is likely to change jobs seven to ten times.[6] Fewer people stay in one job or with one company for their entire career. The Bureau of Labor Statistics finds that between the ages of 18 and 32, a person holds an average of 8.6 jobs. As a result, companies are generally less willing to invest in training, only to lose it to a competitor. Between 1988 and 1999, business investment in training, as a share of GDP, fell 18 percent.[7]

A workforce lacking necessary skills demands response from both businesses and government. In the New Economy, development of an educated, trained workforce is essential to avoid the risk of being left behind the rest of the world. This report will clearly show that the benefits of workforce training outweigh the costs, financial and otherwise, for employers, workers, and state and local communities.

Benefits of Workforce Training

Benefits for Employers

A one percent increase in worker skills has the same effect on output as a one percent increase in the number of hours worked.[8] Various types of employee training and skills enhancement can greatly benefit an employer. Even the most basic skills training, such as in reading and math, can be instrumental in the success of a company. The National Association of Manufacturers' Center for Workforce Success reports in *The Skills Gap 2001* that manufacturers find the top

[5] Van Opstal, p. 52.
[6] "Life Advice About Changing Your Job." *MetLife Consumer Education Center* <www.pueblo.gsa.gov/cic_text/employ/change-jobs/changjob.htm>
[7] Atkinson, p. 1.
[8] As quoted by Van Opstal, p. 53.

deficiency for both current hourly positions and applicants for hourly positions is a basic lack of employability skills, such as attendance, timeliness, and work ethic.

In a study by The Conference Board on Workplace Education Programs (WEPs), many direct and indirect benefits of workplace training were identified. The Board lists a number of direct economic benefits, including increased output of products and services, reduced time per task, reduced error rate, a better health and safety record, reduced waste in the production of goods and services, and increased customer and employee retention. Indirect benefits, though difficult to measure, were also observed. Some of these were better team performance, improved capacity to cope with change in the workplace, and improved quality of work.[9] For example, the Chicago Family Health Center cut time per task by 30 percent by training employees to converse with clients in Spanish and also in medical terminology.

Companies willing to utilize workers' skills and provide training and responsibility can increase productivity and save money. The Miller Brewing Company's brewery in Trenton, Ohio produces 50 percent more beer per worker than the company's next-most-productive facility, in part because a small, 13-member crew was trained to work in teams to handle the overnight shift without oversight.[10]

Excel Corporation Workplace Education Program

Workplace Education Programs resulted in increased employee retention for the Excel Corporation, a subsidiary of Cargill. Seventy-seven percent of longstanding employees who participated in WEPs remained at the company for at least another year, versus only 58 percent of non-participants. Also, 70 percent of new hires that took WEP classes stayed with the company at least one year, compared to only 23 percent of those who did not.

As noted in the previous examples, workforce training can yield many benefits for employers, including greater employee retention, increased productivity, and better quality of life in the workplace. From the worker's perspective, however, training can improve more than just skills in the workplace.

Benefits for Workers

It is often the disadvantaged, discouraged, or low-skilled worker that needs the most assistance to find and retain a self-sustaining job. However, only one-third of the billions of dollars companies spend on training is intended for less-skilled workers. As a result, those who can benefit most from training do not receive it. Even relatively small advances in education and skills can greatly enhance the quality of life of someone struggling with economic disadvantage. Participants in a Los Angeles County welfare-to-work program who chose to receive education and training were earning 16 percent more than other participants after 3 years and 39 percent more after 5 years.[11]

---

[9] Bloom, p. 4. Workplace education programs (WEPs) develop basic skills. They may target basic workplace skills exclusively (e.g. the ability to read and apply documents, the ability to use numbers, English as a Second Language), or may incorporate technical and job-specific training within a broader training framework.

[10] Atkinson, p. 2.

[11] Van Opstal, p. 54.

While workers' benefits from training and education include increased wages, the ability to compete for better jobs, and becoming self-sufficient, there are many other benefits as well. Employees experience improved self-esteem, a greater adaptability and flexibility within and outside of the workplace, and the ability to take on more responsibility.[12] A sense of motivation and commitment to a job can encourage an employee to work harder and make additional advancements. The cumulative effect of these benefits is to produce not only a better worker with the opportunity to earn higher wages, but also a better community citizen.

Benefits for Community and State

States and communities have much to gain from an educated, highly skilled workforce. With a skilled workforce comes economic prosperity and a stronger community. Workforce training leads to better wages for workers, allowing them to leave public assistance programs. An area with a strong workforce is more attractive to incoming businesses and entrepreneurs seeking workers. Businesses can maintain operations within the state and will not have to seek qualified employees elsewhere.

Also, the intangible benefits that employees receive from training, such as confidence, a sense of responsibility and increased morale, can reflect upon the community. Employees may participate in areas outside of work such as school organizations or voluntary service programs, creating a stronger community. These positive effects are then transferred to the state as a whole.

On the other hand, being left behind in the wave of the New Economy could have regrettable effects. States risk high unemployment rates, as workers would not be qualified for the types of jobs that are available. Those left behind may require some sort of public assistance in order to survive. The wage gap between skilled and unskilled workers could grow as the demand for knowledge and skills pushes the skilled wage higher. Employers would be forced to overpay those with skills, or extensively train those without, creating unnecessary costs and reducing productivity. Worse still, companies may seek workers elsewhere in an effort to save money. Thus, job seekers would have limited access to jobs. The jobs available to low-skilled workers would not provide financial resources for self-sufficiency, compelling them to seek additional sources of income or rely on public assistance.

An unskilled workforce in the information-rich New Economy is a problem that states and businesses must address. Technology and globalization have changed the economy, and the U.S. workforce has fallen behind. Training and preparation of today's workforce requires a new approach. Any new workforce development system must meet the needs of both employers and workers, and work within the constraints of limited resources.

The Workforce Investment Act of 1998 was created as a foundation for state workforce development systems. The federal act addresses streamlining services offered by states,

[12] Bloom, p. 12-13.

accessibility of services, and partnering businesses, government, and other employment-related organizations to construct a comprehensive workforce training and development system.

Workforce Investment Act of 1998

The Workforce Investment Act (WIA) provides a framework for a workforce training and employment system that focuses on the needs of businesses for skilled workers and the training, education and employment needs of job seekers. The Act outlines both a state and local system of workforce development. The WIA replaced the Job Training Partnership Act of 1980 (JTPA).

Required One-Stop Partners

- ✓ Adult Programs
- ✓ Dislocated Worker Programs
- ✓ Youth Programs
- ✓ Employment Service
- ✓ Adult Education
- ✓ Post-secondary Vocational Education
- ✓ Vocational Rehabilitation
- ✓ Welfare-to-Work
- ✓ Title V of the Older Americans Act
- ✓ Trade Adjustment Assistance
- ✓ NAFTA Transitional Adjustment Assistance
- ✓ Veterans Employment and Training Programs
- ✓ Community Services Block Grant
- ✓ Employment and training activities by the Dept. of Housing and Urban Development
- ✓ Unemployment Insurance
- ✓ Job Corps
- ✓ Indian and Native American Programs
- ✓ Migrant and Seasonal Farmworker Programs

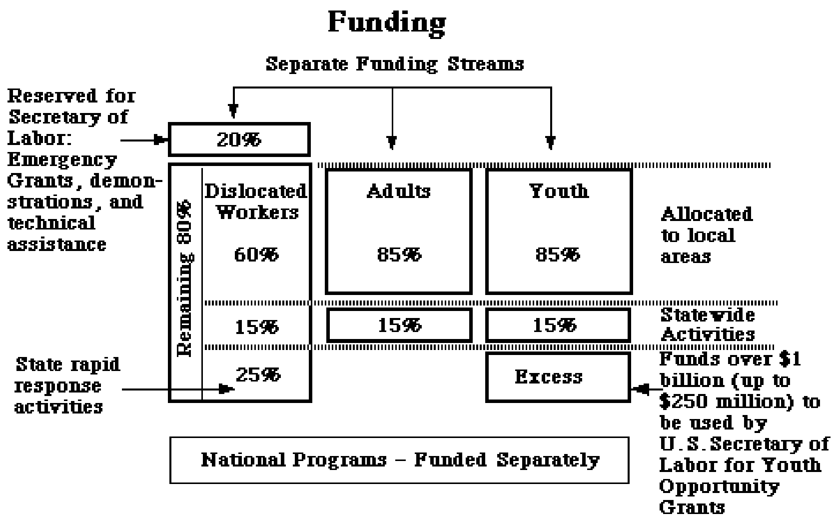
Under the Act, each state will have both state and local Workforce Investment Boards (WIBs). The state board will consist of the Governor, two members of each chamber of the State legislature, and representatives appointed by the Governor, consisting of businesses (majority of board), elected officials, labor organizations, state agency heads, and individuals having experience with youth programs. Among the duties of the state board is development of the state long-term strategic plan and oversight of local board activities.

The state is divided into Workforce Investment Areas (WIAs), each with a local WIB. The board members are appointed by an elected official, and the majority of the board must be made up of business representatives. It must also include representatives of education providers, labor organizations, community-based organizations, economic development agencies, and one-stop partners. Others may also be appointed. Furthermore, each board must appoint a local Youth Council made up of members of the local board, youth service agencies, local public housing authorities, parents of youth seeking help, youth, the Job Corps, and others. The Youth Council is a subgroup of the local board that develops parts of the local plan relating to youth, recommends providers of youth services, and coordinates local youth programs and initiatives.

Each local WIA has at least one "One-Stop" Center. The local WIB selects the operator of the one-stop, either through a competition process or a designated agency consortium. Eligible operators include post-secondary institutions, employment services, private and non-profit

entities, government agencies, and business organizations (such as the chamber of commerce). The goal of the One-Stop Center is to provide businesses and job seekers with convenient access to employment, education, training, and information services in a localized area.

The Workforce Investment Act specifies three streams of funding to the state and local areas: adults, dislocated workers, and youth. The WIA three-stream funding is allocated to federal, state and local areas. The majority of each stream is distributed to local areas. States may merge the 15 percent from the three sections for statewide activities. For example, funds from the statewide youth stream may be used for dislocated worker programs if the state chooses. Funding allocation is shown in the following chart.



Source: USWorkforce.org

Services for adults and dislocated workers are basically the same, despite separate funding. All adults, regardless of need, are able to receive "*core*" services, which consist of job search and placement assistance, labor market information, initial assessment of skills and needs, information about services, and some follow-up services. If one fails to find employment using the core services, "*intensive*" services are available. Intensive services involve specialized assessments, individual counseling and career planning, case management, and follow-up services. Those with weak skills or employed with low earnings are eligible for intensive services. Finally, those unable to find work with intensive services are eligible for training vouchers provided by the WIA.

Training vouchers are used in the development of job seekers' weaknesses and areas of personal preference, but are directly linked to job opportunities in their area. Training must be from an approved training provider. Vouchers can be used for a variety of training: basic skills; occupational skills training; on-the-job training; customized training; programs that combine workplace training with related instruction; private sector training; skills upgrading and

retraining; entrepreneurial training; employability training; and customized training with the commitment to employ after successful completion.

The act also specifies a performance accountability system with four core performance indicators relating to adults and dislocated workers and three involving youth activities. Individual state performance levels are negotiated with the U.S. Secretary of Labor, and expected performance in each local area is negotiated with the state. Negotiations take into account economic and demographic factors. Federal incentive funds and technical assistance are linked to attaining expected performance levels. Some states self- mandate performance measures beyond those required by WIA. [13]

> ***WIA Performance Indicators***
>
> **Adults and Dislocated Workers**
> - ✓ Placement
> - ✓ Retention
> - ✓ Earnings
> - ✓ Skills Attainment
>
> **Youth**
> - ✓ Basic or Occupational Skills Attainment
> - ✓ High School Diplomas
> - ✓ Placement and Retention in Post-Secondary Education, Advanced Training, or Employment

Although the Workforce Investment Act provides a framework for workforce development systems, it has limitations and can only be a mechanism for workforce development change. States must be innovative and strive to transform the workforce so that it can respond competitively to economic changes. States at the forefront of workforce development change have demonstrated creative approaches to improve their workforces.

Successful Workforce Transformation

Common Trends in Workforce Transformation

Recognizing that the economy has been transformed through technology and globalization into a knowledge-based economy, states must now focus on creating a skilled workforce that will not only support existing employers and industries but will also be the building block of future development. As alluded to earlier, recent studies suggest that nearly two-thirds of all of new jobs created by 2006 will require at least some vocational or post-secondary education and that only 10 percent of new jobs will require the minimal skills expected of a high school dropout. Additionally, long-term demographics indicate that skill shortages are likely to occur even in a

[13] Explanation of the Workforce Investment Act of 1998 taken largely from two combined sources: *Plain English Version of the Workforce Investment Act of 1998* <www.usworkforce.org/asp/act.asp>, and *Summary of the Workforce Investment Act of 1998* <www.nga.org>

weakening economy.[14] The development of a skilled workforce is crucial for any state wishing to ensure continued economic growth.

The National Governors Association (NGA) for Best Practices recently conducted a study of five states (Indiana, Louisiana, Michigan, Pennsylvania, and Utah) leading the way in state workforce development transformation.[15] Additionally, Jobs for the Future, a nonpartisan, not-for-profit research and consulting organization, has been studying strategies aimed at improving state educational and economic development programs. Out of these combined efforts four common trends have emerged.

Critical Trends in Workforce Transformation

- ✓ Strong leadership and active involvement of governors
- ✓ Building a unified workforce development system
- ✓ Repositioning workforce development as a core economic growth strategy
- ✓ Adopting a dual customer approach to workforce development

Strong Leadership

The first of these trends, strong leadership and active involvement from the governor is clear-cut. Many of the changes needed in the transformation of workforce development may be difficult, even painful. Strong leadership from the governor is critical in making these necessary changes.

Building a Unified Workforce Development System

Creating a unified workforce development system is a key concept for any state wishing to revamp its existing workforce system. More importantly, states must reform workforce development systems in such a way that they become "value-added" systems, efficiently using financial, personnel, and customer resources. Newly reformed systems must not bog down users, either workers or employers, in an endless system of paperwork and regulations. Utah's Governor Leavitt correctly described existing workforce systems as "programs that snag people who need help not into a safety net, but into a drag net of forms, regulations, multiple case workers, and a confusing maze of government agencies."[16] These obstacles were some of the things the Workforce Investment Act hoped to eliminate. Unfortunately many states have created new programs and implemented new strategies only to recreate some of the same old problems.

---

[14] Ganzglass, Evelyn; Jensen, Martin; Ridley, Neil; Simon, Martin; Thompson, Chris. "Transforming State Workforce Development Systems: Case Studies of Five Leading States," *The National Governors Association for Best Practices* (June 2001) <http://www.nga.org/common/issueBriefDetailPrint/1,1434,2352,00.html>

[15] "Using Regional Skills Partnerships to Address Skill Shortages." *National Governors Association for Best Practices* (August 2001) <http://www.nga.org/common/issueBriefDEtailPrint/1,1434,2565,00.html>

[16] Ganzglass; Jensen; Ridley; Simon; Thompson.

The states included in the NGA's *Transforming State Workforce Development Systems* report adopted several approaches to unifying their workforce development systems:

- ✓ Program Consolidation
- ✓ Program Coordination
- ✓ Developing and Implementing Performance Indicators
- ✓ Creation of One-Stop Career Centers

Program consolidation can be accomplished in a number of ways. Consolidation can range from comprehensive consolidation of multiple agencies including workforce services, social services, and educational services to intradepartmental consolidation such as combining technical and community colleges with adult education programs. By combining a number of programs, especially welfare, workforce training, education services and other social services states will be taking proactive steps to provide services currently offered across departments more seamlessly. Indiana, for example, established the Department of Workforce Development as the single agency responsible for job training, employment services, unemployment insurance, workforce literacy, and vocational and technical education programs. Utah combined five state agencies responsible for public assistance, employment, and training within one new Department of Workforce Services.[17] Handled correctly, states can improve the efficiency of multiple programs by combining them and potentially realize significant savings in terms of finances, time, and personnel.

Utah

Utah consolidated more than 100 employment and welfare offices into 54 one-stop centers. Their one stop centers each offer a common look and feel and integrated teams that provide multiple welfare, social service, job placement and training services.

As mentioned earlier, ***program coordination*** can be very effective for states that have an aversion to program consolidation. States have a variety of options with this approach, much like with program consolidation. Coordination efforts can vary from improved communication efforts between agencies and departments to the establishment of special commissions charged with overseeing coordination efforts. Pennsylvania has relied heavily on coordination efforts in its attempt to reform workforce development systems. In 1997, Pennsylvania created the Human Resource Investment Council (HRIC) to oversee program coordination between agencies and departments responsible for workforce development. In addition to the HRIC, Pennsylvania's governor established policy offices in each partner agency and declared that agency directors would be accountable for collaboration and end results. Coordination efforts could potentially help states eliminate the duplication of programs and reduce confusion experienced by users of state services.

Some of the states studied combined the development of ***performance indicators*** with either program consolidation or coordination. By identifying core indicators and performance measurement criteria, states create a framework not only for success but also for accountability.

[17] Ganzglass; Jensen; Ridley; Simon; Thompson.

Identifying and tracking these performance indicators assist states in identifying successful programs as well as unsuccessful ones. Performance indicators should be in addition to those federally mandated by the WIA. Pennsylvania created and continues to monitor five performance indicators, supplementing those required by WIA, to assess the effectiveness of multiple workforce programs. These performance measures include:

- ✓ The percentage of employers using services coordinated through the local WIB.
- ✓ The percentage of individuals using services coordinated through the WIB.
- ✓ The percentage of job seekers who receive intensive services or training services and obtain employment.
- ✓ The median cycle time to fill a job.
- ✓ The percentage of individuals who used Team Pennsylvania CareerLink services and entered employment in jobs with wages in specified ranges.

Finally, as a requirement of the WIA, every state has created some type of ***one-stop career center*** in an effort to integrate public services. The WIA envisioned one-stop centers as a place distressed citizens could turn to for easy access and assistance with workforce related issues. These issues include looking for a job, exploring work preparation and career development services, as well as access to employment, training, adult education and occupational training programs either via the one-stop center or through technology available at the one-stop center.

One stop centers offer enormous potential in transforming workforce development systems, especially through program coordination. These centers can be uniquely structured to offer an array of workforce, educational, and social service programs based on the structure and needs of individual states. States were given wide latitude in creating a center that could meet federal requirements. Some states have gone beyond the requirements and created centers that provide numerous services, including social services, in addition to workforce training. The possibilities for one-stop centers to improve services and enhance efficiency are boundless.

Workforce Development as a Core Economic Growth Strategy

In 2000, 76 percent of large employers reported that skilled manpower is "scarce", up from 66 percent in 1999 and 62 percent in 1998. In 2001, 47 percent of employers continued to report skilled manpower as "scarce", reinforcing the premise that skill shortages will continue to exist even in a weakening economy.[18] Additionally, the American Management Association reported that in 2000, the most recent year data is available, 34 percent of job applicants tested for basic math and literacy scores were found to be deficient. Skill shortages were not only reported in basic skills. Employers surveyed by the AMA reported skill deficiencies in managerial positions as well, most notably in the areas of conceptual skills, communication skills, and interpersonal skills.

[18] "Current Staffing Survey." *American Management Association* (March 2001) <www.amanet.org/press/research/2001_staffing_survey.htm>

Clearly workforce training and development must be a critical component of states' future economic growth strategies. States can reposition workforce development to coexist with economic development in a number of ways including:

- ✓ Redefining the role of key agencies and departments.
- ✓ Coordinating planning and policymaking between workforce and economic development agencies.
- ✓ Focusing on employers as key customers of the workforce development system.
- ✓ Using economic research to drive workforce development decisions.
- ✓ Including workforce development programs as part of a pipeline for producing skilled workers.

Repositioning workforce development as a core economic growth strategy will require redefining the roles and shifting the focus of key agencies and departments. In the past, recruiting new companies was the backbone of economic development. State economic development offices often worked on the assumption that jobs were in short supply, not job seekers. To bring workforce development to the forefront of economic development states must shift their focus to training, retraining if necessary, attracting and retaining a qualified workforce. One-stop centers, workforce training, educational programs, skills partnerships, youth education and social services such as transportation and daycare assistance must be addressed as primary concerns.

Coordinating planning and policymaking between economic and workforce development agencies is another approach states can employ in an effort to include workforce development in core economic development strategies. Planning and policymaking coordination can be accomplished on a number of levels. Some states have opted to focus coordination efforts on the state level by overlapping workforce and economic development commission board members. This accomplishes the goal of coordination and ensures a close link between economic development efforts and workforce training programs. This type of coordination can be achieved on regional and local levels as well. Coordination between local employer organizations, such as chambers of commerce, industries, and workforce investment boards have the potential to yield dynamic partnerships that identify and address local skill shortages by industry and region, allowing a much faster response to training needs.

> **Pennsylvania**
>
> Following WIA, Pennsylvania organized its 23 workforce investment areas into 10 regions that mirrored its existing economic development areas. Within each region, one or more local workforce investment boards must work together to develop plans that reflect regional economic development needs and opportunities.

Reflecting the alignment of workforce and economic development strategies, many states have begun to concentrate on employers as a crucial component of workforce development programs. As alluded to earlier, participation and input from employers is critical to the identification of skill shortages and high demand occupations. Knowing what the customer wants and needs is

essential in providing a useful product. States are just beginning to realize that employers are customers of workforce development systems and that trained workers are the products. Here again, states have a number of avenues they can pursue in an effort to serve employers. Some states are focusing on incumbent worker programs that help companies train current employees while other states are working from the policy standpoint involving officials from commerce departments and workforce development departments in an effort to mesh supply theory with a demand focus. Regardless of the approach taken, states must ensure workers, being customers, are not forgotten in the quest to recognize employers as new customers.[19]

States can also identify skill shortages and high demand occupations by analyzing existing economic and labor market data. Multitudes of labor market data are collected by every state in the country. By implementing new analysis, organization, and presentation methods for this data, states could generate mountains of useful workforce data. Workforce development programs and decisions could then be tailored to address the needs pinpointed by the data. Occupational forecasting, a forecasting system that provides timely information on jobs, wages and valued skills, has become one of the most popular methods for using economic data to drive workforce development decisions. Using the information from occupational forecasts, states can select training programs that are responsive to pressing business needs on a statewide, regional and local level.

Missouri

Missouri has paired occupational projections with skill, education, wage, licensing, typical tasks, and job outlook to create comprehensive occupational profiles.

Finally, in an effort to reframe workforce development as a key component of economic development, states could view workforce training programs as an element of mainstream education programs. Making workforce training programs part of mainstream education programs will ensure that training programs and education programs are tightly linked. Merging training and education programs will also help alleviate isolation from the mainstream labor market that many traditional employment and training programs experience. Linking programs such as school-to-work, vocational education, training programs for hard to place workers and disabled citizens, incumbent worker programs, and skills partnerships, would be one way states could weave traditional education programs with workforce programs. [20]

A Dual Customer Approach to Workforce Development

For decades states have been training job seekers for low skill positions and occupations deemed high demand with little or no input from the companies that need and eventually will employ those job seekers. Workforce development systems have rarely treated employers as valued customers.

[19] Everybody Wins: Effectively Involving Business in Workforce Development." *Jobs for the Future:* (June 2001) <www.jff.org/pdfs%20and%20downloads/Everybody%20WINs.pdf>
[20] Ganzglass; Jensen; Ridley; Simon; Thompson.

Engaging employers in the workforce development system may prove to be a daunting task for many states. According to Jobs for the Future, many employers and employer organizations do not know a statewide workforce system even exists. Those who do are skeptical of the services they offer and are reluctant to participate in them. Given this situation, the most difficult task for states will be involving employers in the workforce training system. Some may argue that involving employers should be easy to accomplish considering employers rate qualified workers as a top priority across the country. However, taking into account past workforce training systems, many employers view state training programs and services as negative, providing little or no value to them. According to surveys conducted by Jobs for the Future of employers actively working with public employment and training systems, the most common complaints by employers were:

- ✓ Too much paperwork
- ✓ Too many turf battles resulting from fragmented control of resources across agencies
- ✓ Cumbersome reporting requirements
- ✓ Inflexible programs
- ✓ Restrictions against entry-level incumbent workers

Fewer than half of the employers surveyed responded that the local Workforce Investment Boards engaged the local employer community in meaningful ways and only half said they would recommend their local one-stop center as a valuable resource for employers.[21]

California

The California Employment and Training Panel is an employer-focused training fund that strongly emphasizes performance and accountability and requires trainees to be retained for at least 90 days after training before the employer will be reimbursed for allowable training costs. The largest portion of the fund targets training for companies that face out of state competition and potential layoffs. Frontline training is emphasized and training for managers and supervisors is limited. This is the first such program to be funded via state unemployment insurance funds.[23]

Substantial increases in the involvement of employers and their organizations in workforce development activities will occur only when the publicly funded workforce development system adopts a dual customer focus and system designs that treat employers and job seekers as equals.[22] Virtually every successful state community effort at program transformation involved active participation from employers. New York City's Wildcat Service Corporation is one of the best programs for placing welfare recipients and hard to place job seekers. Wildcat Service Corporation, a publicly funded workforce development initiative, has reversed the typical sequence of most publicly funded training programs. Wildcat locates firms needing to fill certain positions then trains job seekers, mostly welfare recipients and convicts, to meet those specific needs. Wildcats first program focused on the financial services industry and has since moved into advertising, legal and

---

21 "Current Staffing Survey." *American Management Association*

22 "Everybody Wins: Effectively Involving Business in Workforce Development." *Jobs for the Future:* (June 2001) <www.jff.org/pdfs%20and%20downloads/Everybody%20WINs.pdf>

23 "Everybody Wins: Effectively Involving Business in Workforce Development."

professional services, and the teller segment of the banking industry. Since 1995, 85 percent of Wildcat's participants have been successfully placed. After four years the program maintains an employee retention rate of 92 percent.

Many employers have a negative view of public workforce systems, requiring states to work diligently to overcome these perceptions. The first step in overcoming this obstacle is to involve employers in the workforce development system and treat them as valued customers. There are a number of ways to involve employers including putting them on councils and advisory boards, implementing incumbent worker and entry-level training programs and creating skills partnerships. Skills partnerships will be discussed in detail in later sections. In a survey conducted by Jobs for the Future, employers identified incumbent worker and customized entry-level training programs as the most effective programs for meeting their needs. Employers would use a system that provides them with a clear point of entry, matches skills training with real world job requirements, and delivers reliable, skilled workers in a timely manner.

Likewise, creating programs that are flexible to employers' needs will increase employer involvement. States can increase the flexibility of programs by combining a number of public services and training programs and their funding sources to provide services in a more seamless fashion. Jobs for the Future suggests discretionary WIA funding should target employer-led workforce training initiatives or skills partnerships. These types of programs clearly illustrate how public training resources could be linked to specific employer needs. Additionally, Jobs for Future recommends that Workforce Investment Boards and one-stop centers maximize the flexibility of program resources to address industry identified skill shortages. Finally, states should maximize use of surplus Temporary Assistance for Needy Families (TANF) funds by integrating them into a workforce training system that targets a wider range of trainees and employer-led initiatives.

North Carolina

North Carolina's New and Expanding Industry Program is an employer-focused program funded via state general revenues. Customized training is delivered through community colleges, free to companies expanding or moving to North Carolina. The fund requires companies create new jobs and focus mainly on new employees.

Other Trends

In addition to the major trends listed above, several other trends surfaced throughout the National Governors Association's case study. Decentralizing policy-making regarding workforce issues and enhancing the role of local workforce boards was an important step for many states. Pennsylvania created a strong vision and constructed a comprehensive policy framework but left the implementation and policy choices to local workforce boards. Michigan actually required that its policy-making and operations be separate entities. The states also expanded the scope of workforce development by connecting welfare and workforce services. In Utah, after welfare and workforce programs were consolidated into a new program, one-stop centers became the portal for multiple programs including workforce development, welfare, food stamps and other social service programs. In some centers case managers were cross-trained to provide all

services to clients. In Michigan clients are required to participate in workforce development programs to be eligible for welfare. The states have also placed a new emphasis on youth, including revisiting school to work programs. Expanding technology to aid in the delivery of services, experimenting with new approaches in performance management and encouraging new training initiatives that draw on multiple sources of funding are several other trends that materialized during the study.

Louisiana

The Louisiana Workforce Commission has formally endorsed a youth services model that creates standards for 10 state youth initiatives. The standards include a five-year career plan for every high school freshman, industry-based certification, and a management information system to document youth progress.

Skills Partnerships: A Proven Strategy

Over the last several years, skills partnerships or regional skills partnerships have emerged as a proven method for assisting low-income, low-skilled workers in obtaining employment as well as moving into higher level positions. ***Skills partnerships*** are public-private partnerships that promote the competitiveness of employers and encourage skill acquisition and advancement for all workers in the knowledge-based economy.[24] Essentially, skills partnerships are an industry-based partnership that combines companies, educational institutions, training programs and interested community parties in an effort to address local and regional problems such as skill shortages, worker shortages, and lack of career advancement opportunities for low-skill workers. For instance, a group of firms in an industry, technical or community colleges, local high schools and the local chamber of commerce might partner to establish a joint training program for entry-level workers or a job shadowing program for young people.

Key Players

Several key players are actively involved in successful skills partnerships. Most everyone can list the obvious players, those who benefit the most from these partnerships, employers, job seekers, and training providers. However, few may recognize employer organizations as a fundamental component of skills partnerships or the important role state government should play. Many other interested community organizations, such as Community Action Agencies may play a role in skills partnerships. In a perfect world, employers, job seekers, and training providers would naturally come together to produce skilled workers that meet local demands and to some extent this does occur. Unfortunately, this is not a perfect world and many job seekers fall through the cracks of an ever-changing economy, creating serious skill shortages.

---

24 "Using Regional Skills partnerships to Address Skill Shortages." *National Governors Association for Best Practices* (August 2001) <http://www.nga.org/common/issueBriefDEtailPrint/1,1434,2565,00.html>

Employer organizations include chambers of commerce, industry associations, unions, placement centers, etc. Serving as a catalyst, employer organizations play a pivotal role in skills partnerships. Due to preferred relationships with employers, employer organizations have a unique opportunity to serve as intermediaries between employers and state workforce development systems. Employer organizations can take the lead in forming skills partnerships using their relationships with member employers to identify, clarify, and categorize employers' demands for skills. Employer organizations can further support skills partnerships by encouraging employers to participate in or create workforce development programs that will address these needs and help low-skilled workers advance in the workforce. Utilizing employer organizations to bridge the gap between state workforce development programs and skeptical employers is becoming a popular approach for states trying to build successful skills partnerships.

How States can Promote Skills Partnerships[25]

- ✓ Define the role of regional skills partnerships in a state workforce development system.
- ✓ Provide incentives such as seed funds to launch pilot partnerships.
- ✓ Recruit employers in key sectors as well as public partners.
- ✓ Aid partnerships by defining key industry sectors in different regions and developing skill standards.
- ✓ Redirect existing funding streams to support emerging partnerships
- ✓ Evaluate their success

Community Action Agencies are nonprofit organizations focused on helping low-income citizens achieve self-sufficiency. They provide a support system to meet citizens' emotional, social, health, nutritional, educational and psychological needs. In Missouri, many Community Action Agencies already provide employment services and skills training. Community Action Agencies would be an ideal member in a regional skills partnership. [25]

State workforce development agencies play critical roles in skills partnerships as well, ranging from funding to serving as the lead organization in creating and maintaining the skills partnerships. Providing funding via tax credits and grants for worker training programs, conducting training for job seekers and employers, and offering job placement services are just a few examples of how public workforce development systems can participate in skills partnerships.

One-stop centers are an ideal headquarters for skills partnerships. Support received from and access to resources provided by state workforce development systems are critical to the formation and continued growth of skills partnerships. For instance, public workforce development systems may provide the training aspect of a skills partnership via one-stop centers. Community and technical colleges, adult education programs offered through state education departments, private industry training firms and employer organizations can also serve as the training arm of a skills partnership. Offering skills training that is transferable and customized to the need of local areas is key, no matter what type of organization provides the training.

---

[25] Missouri Association for Community Action <www.communityaction.org> (March 2002).
[26] "Using Regional Skills partnerships to Address Skill Shortages."

Regardless of who collaborates and participates in skills partnerships, they provide a strategy for addressing industry-based skill shortages, aid states in upgrading skills of incumbent workers, and prepare the unemployed for entry-level positions. There are several advantages to skills partnerships including:

- ✓ They promote collaboration among firms allowing them to identify joint solutions to skill shortages and workforce issues locally, regionally, and statewide.
- ✓ They bridge the gap between public and private sectors, facilitating communication between the sectors resulting in a more timely public sector response to industry problems.
- ✓ Skills partnerships operate with a demand focus that addresses employers' core economic needs. They provide an avenue for defining employers' specific needs and allow for the development of timely, interim solutions as well as long-term solutions to persistent workforce issues.
- ✓ Partnerships are organized on a regional basis that should match natural economic activity allowing for regional solutions that transcend traditional boundaries such as cities, MSAs, or counties.[27]

Skills partnerships can help solve recruitment problems, reduce turnover, and increase productivity. They provide industry-focused training leading to high-wage jobs, more skill development, and career advancement. They can provide post-employment support including career counseling, mentoring services, and continued skill development. As states transform workforce development systems, significant barriers to job retention and career advancement will continue to emerge, including frequent job loss, lack of basic skills, and a prevalence of "dead-end" jobs. Public-private skills partnerships offer a unique opportunity to help address these issues in a way that supports skill development and career advancement while simultaneously nurturing a region's most vital industries.

Types of Skills Partnerships

Many factors contribute to the success of skills partnerships, including the partnerships created, the type of skills taught, and the number of skill-levels they address.   Strong partnerships between employers, employer organizations and various other entities are a critical component of successful skills partnerships. Even the simplest partnership requires strong collaboration between a coordinating entity that manages the movement of workers through the process as well as strong employers that will employ and advance workers that have entered and completed the process. Likewise, skills partnerships must be responsive to employer needs and focus on transferable skills. Transferable skills enable workers to move between companies, within or across industries and economic sectors. According to Jobs for the Future, partnerships are more successful when they address multiple skill levels. To meet the needs of both workers and employers, partnerships must provide a clear pathway for advancement beyond entry-level positions.

---

[27] "Using Regional Skills partnerships to Address Skill Shortages."

While all skills partnerships should cultivate strong relationships between partners, focus on transferable skills, and address multiple skill levels, they may vary in a number of ways including:

- ✓ The number of occupations and occupational tiers they include
- ✓ The number of career pathways they utilize
- ✓ The number of industry sectors and employers they address
- ✓ The source of individuals participating in the skills partnership
- ✓ The range of workforce development services incorporated in the partnership
- ✓ The organization responsible for operating and maintaining the skills partnership

Most importantly there are several types of skills partnerships including those that focus on advancing workers within a single firm, among multiple firms within a single industry, among multiple industries within a single sector and finally across multiple sectors of a local labor market. Jobs for the Future has outlined the following four types of skills partnerships.

Single-firm skills partnerships tend to focus on the advancement of current employees within a particular firm or the recruitment of entry-level workers. Key players in this type of partnership include firm management, worker representatives, and training providers. These types of partnerships, sometimes referred to as internal career ladders, can focus on firm specific job skills or industry specific skills depending on the needs of the particular firm. Firms in this type of partnership strive to develop the skills of entry-level workers, creating candidates for higher-skill vacancies within the firm. These types of partnerships target entry-level workers and collaborate with training providers to ensure future vacancies can be filled through internal promotions. A firm's commitment to the partnership is essential to the success and maintenance of the partnership.

Single-industry skills partnerships concentrate on the advancement of workers in multiple firms within a single industry. Key players in an industry skills partnership include multiple firms, worker representatives, training providers, and some type of partnership coordinator or intermediary. These types of partnerships can target workers with low skills and train them for a very specific low-skill industry such as hospitality, or relatively high-skill, entry-level positions in the healthcare industry. Participating firms often contribute to training costs, and identify skills and develop training that is essentially similar for a number of occupations in firms within the industry. Single industry partnerships can evolve, targeting a wider scope of workers including entry-level, incumbent and transitional workers. As

Ohio

HOST is Ohio's welfare-to-work program that links welfare recipients to jobs in the hospitality industry. This public-private partnership combines work and training in an on-the-job program. Participants in the nine-month program work 20 hours per week with a participating employer and spend 10 hours per week in class learning employability and technical skills. Employers provide each participant with a training mentor.

with single-firm partnerships, commitment from firms is critical, as are the agreements among firms regarding training and hiring practices.

Sector-based skills partnerships target the advancement of workers in specific occupations within a particular sector such as manufacturing, information, or health care. Key players in this type of partnership include multiple employers, worker representatives, training providers and intermediary organizations that support both workers and employers. Unlike the previous types of partnerships that focus mainly on employer demand, sector-based partnerships address both demand and supply. Demand-side concerns are met by providing technical assistance to firms; linking them to new markets, and helping them create skill standards for their industry. Sector-based programs call on their contacts within firms to create employment and advancement opportunities for entry-level workers. Supply-side concerns are addressed mainly with customized training programs that are specific to occupations or industries on which they focus. Many sector-based partnerships also provide some level of pre-employment training in basic work skills. Often, one-stop centers, community colleges, community-based organizations or unions provide pre-employment training. Additionally, many sector-based partnerships offer some type of recognized and accepted certification that allows workers to easily move among firms as well as facilitate advancement. Once again commitment from all of the partners is very important in sector-based partnerships as is the strength and acceptance of agreements among partners regarding placement practices and training programs.

Finally, ***cross-sector skills partnerships*** concentrate on basic work readiness skills while emphasizing the placement of entry-level workers. Cross-sector partnerships recognize the need for worker readiness training as well as the benefits such training provides for both participating employers and workers looking to gain skills. Because cross-sector mobility decreases as workers advance along career ladders, cross-sector partnerships most often focus on entry-level employment. Focusing on worker readiness skills, multiple sectors, and entry-level employment requires a different mix of partners to create a successful partnership. Key players in cross-sector partnerships include referral sources, which can be public agencies, job-training programs or school-to-work programs, and an organizing entity that is responsible for placing, monitoring and recruiting workers. Organizing entities could be one-stop centers, chambers of commerce, unions or interested community-based organizations.

Washington

Shoreline Community College has created a cross-sector skills partnership that meets the needs of a wide range of employers. TANF recipients and other low-income participants can enroll in college programs that provide access to the partnership. Some programs are sector-specific (manufacturing, healthcare) while others are occupation specific (technology, customer service). The program begins with pre-employment training providing access to entry-level positions. From there, workers receive additional training that allows them to move into a variety of occupations including those with increased skill requirements and pay.

Creating a Skills Partnership

Acknowledging the success of skills partnerships, many states and communities may have the urge to drive to the nearest chamber of commerce or industry association office and develop a skills partnership tomorrow. However, successful partnerships are not created overnight; they require significant planning. Before trying to create a partnership, states should consider a number of things including what they hope to accomplish, how they would like to accomplish it and most importantly, states must evaluate a region's needs and resources. Only programs that achieve the most desired benefits for employers, job seekers, and employees should be developed. The primary goal for states or organizations seeking to create skills partnerships should be achieving high-quality implementation in a timeframe that meets expectations, based on resources that are likely to be available.[28] Creation of partnerships should be incremental, starting simply with just one firm, industry or skill level and adding components as need, resources and interest increases.

Jobs for the Future has outlined the following three stages for creating a skills partnership:

- ✓ Assessment and Planning
- ✓ Partnership Building and Program Development
- ✓ Operation and Sustainability/Expansion

Assessment and Planning

Typically, assessment and planning would be the first step in partnership creation. However, some communities or regions may have employer organizations or workforce investment boards with extensive involvement in workforce development. In these instances it may be appropriate for regions or communities to begin with another stage of development.

Assessment and planning, as one might expect, involves researching and investigating the feasibility of creating a skills partnership as well as determining a region's needs and how best to address them. During this phase of partnership building, organizers must ask a number of questions. Organizers must determine if they have the capacity, willingness and support needed to spearhead the creation of a skills partnership. What core competencies does the organization have in workforce development that can be built upon? Does the organization have or have access to the resources needed for such an endeavor? Will the organization's leadership support this type of initiative? These are critical questions that must be addressed before any organization decides to move forward in the creation of a skills partnership.

Once an organization or community has determined that they have the support, resources and expertise to create a skills partnership they must identify target industries and occupations to be

---

[28] Mills, Jack; Prince, Heath, "Employer Led Organizations and Skill Supply Chains: Linking Worker Advancement with the Skill Needs of Employers." *Jobs for the Future* (May 2001). <http://www.jff.org/pdfs%20and%20downloads/Skill_chains.pdf>

included. These decisions should be based on local and regional needs. Industries should be selected based on their fit with a particular region's current labor market mix and resources. Organizers must evaluate which skills and occupations accompany targeted industries as well as the transferability of those skills. The benefit to the region of training workers in a certain occupation or industry must also be considered.

After selecting target industries, skills and occupations, lead employers must be identified. Do employers in this occupation already exist in this region? Are they interested in participating in a skills partnership? Is a skills partnership possible with these occupations and employers? Is more than one skills partnership needed and how many skill-levels need to be addressed? Are more employers from this industry likely to join once the partnership has been successfully established? These are all questions that should be considered in the planning and assessment phase.

Demand for alternative sources of training must also be considered. Once target industries, occupations, and employers have been identified, organizers must ask themselves if alternative training methods are really needed. The targeted occupations and industries may have an adequate source of qualified employees. Existing workforce development systems are already meeting this need, or perhaps could meet this need if everyone knew about the services they provide. In this instance a skills partnership in this particular occupation or industry would not be a wise investment of time and resources.

Organizers must also consider the ability of a community or region to support a skills partnership. Regions must be scrutinized to determine if training, education, employment support, and placement services already exist and if they are willing to participate in a partnership. If these services do not already exist organizers must decided how these services can be developed. Once these service providers have been identified or developed it must be determined how they will fit into the skills partnership. Certification procedures based on industry standards must also be identified or created for workers receiving training. Organizers must also identify potential funding sources for the partnership. Public, charitable, philanthropic and employer agencies must all be considered as potential funding sources.

Wisconsin

To ease turnover at local nursing homes, Milwaukee created a certified nursing assistant training program. TANF agencies worked with nursing homes in identifying needed skills. By creating a program that included soft skills training and workplace supports for both workers and supervisors, the program was able to meet the needs of employers and increase job retention rates. As the program became more established and evaluations conducted, education programs were added as was a transportation assistance program for employees.

Once an organization has considered all of these issues and determined that demand, support, and resources for a skills partnership exist, they must focus on the goals of the partnership. Organizers must identify the ultimate goals of the partnership and clearly illustrate the steps necessary to achieve that goal. Initial goals should be broad in scope, followed by more specific strategies to achieve them.

Partnership Building and Program Development

After a community or organization has completed the assessment and planning stage they can focus on the next stage: partnership building and program development. This phase should begin by gaining the support and participation of lead employers. Organizers need to secure the commitment from a core employer or group of employers. Once a lead employer or employers have committed to the program, organizers may expand the program to include others in the targeted industry.

With the employer component secured, organizers can now focus on identifying skill requirements. Using input from employers, organizers must identify skill specifications for multiple tiers of employment ranging from entry-level positions to those requiring an associate's degree. Identified employer skill needs can then be compared to the needs identified by occupational and labor market data, checking for discrepancies, trends or irregularities. Expanding the partnership to include providers of training, education and support services is the next step. Training partners can then help the partnership determine how to best meet training needs and develop the necessary curricula.

With the main components of the partnership determined, roles and responsibilities must be determined for each partner. A coordinating entity should be appointed and training providers for specific skills and training programs identified. A partner should be selected to be responsible for monitoring the progress of workers within the partnership. Worker recruiters and placement services roles should be defined and funding sources for specific programs should be identified.

Support functions of the partnership are the final components in partnership building. Marketing should play a significant role in the partnership. Partnership members need to develop a marketing strategy that can attract new partners and workers as well as provide an avenue for keeping current and potential partners informed of program successes. A process for incorporating changes and improvements into the partnership should also be developed.

Operation and Sustainability/Expansion

The final stage in creating a skills partnership involves operations, sustainability and expansion. This stage deals mainly with the placement and matching of workers with employers and training providers. New workers need to be matched with appropriate training providers and partnering employers. Partners must ensure new workers are steered to entry-level vacancies of partnering employers and that pre-employment training is made available to the new workers. Workers in entry-level positions must be matched with partnering employers who have vacancies at higher levels of employment. The partnership must ensure entry-level workers are receiving the training needed to help them advance and that employers are recruiting from within the partnership. Partnerships must connect incumbent workers with training providers and with vacancies in complementary or higher levels positions offered by partnering employers.

During the operations stage, partners must monitor the program vigilantly. Efforts must be made to ensure participants continue to receive retention and advancement services and that the partnership is used proactively. Evaluations should be conducted on a continuing basis to verify employer satisfaction and worker competence. If problems arise, tools enabling a timely response should be available. As the partnership progresses, members must continue to supply the partnership with new workers. As interest and need grows, the partnership may expand in a number of ways including increasing the number of workers in the program, increasing the number of skill levels, or expanding the number of employers and training providers.

Skills Partnership Breakdown

Types of Skills Partnerships

- ✓ *Single Firm*
- ✓ *Single Industry*
- ✓ *Sector-based*
- ✓ *Cross-Sector*

Partnership Creation

- ✓ *Assessment and Planning*
  - Identify areas of support, resources and expertise
  - Select target industries, skills, and occupations
  - Identify lead employers
  - Assess community demand
  - Establish partnership goals
- ✓ *Partnership Building and Program Development*
  - Gain support and participation of lead employers and partners in the targeted industry
  - Identify skill requirements and recruit appropriate training providers
  - Determine partner roles and responsibilities
  - Establish support functions
- ✓ *Operation and Sustainability/Expansion*
  - Pair workers with employers and training providers
  - Monitor partnership making improvements as needed
  - Expand partnership by recruiting new members

Once in operation, a skills partnership will greatly benefit local, regional and state workforces. Employers will not only have an improved workforce but also greater access to the newly skilled

workers. Higher skilled workers will aid employers' efficiencies benefiting the company and community. Workers will begin to view low-skill, entry-level positions as entry points into a workforce development system that provides opportunities to increase their skill levels and advance their careers. Over time, a skills partnership will result in a system that is more responsive to employers, and that gives workers clear pathways for advancement through the labor market.[29]

Workforce Training in Missouri

Missouri's workforce development system covers a variety of programs available for target groups with employment needs. In accordance with the Workforce Investment Act, the state has been divided into fourteen Workforce Investment Regions. Each region has at least one of thirty-two full service Missouri Career Centers, which serve as one-stop locations throughout the state.

Missouri Workforce Investment Regions

---

[29] Mills, Jack; Prince, Heath.

Missouri Career Centers are one-stop locations designed to offer a variety of customers access to employment information, including labor market information, employer services, and adult and youth programs. Similar to a public library, career centers offer resource areas with computers, fax machines, and telephones. The Missouri *WORKS!* website is used for information exchange between workforce investment customers. Job seekers can post resumés and review job openings. Employers can update job openings and search resumés of prospective employees. Plus, current labor market information is available to all users, along with links to other helpful information and organizations.

Work Opportunity Tax Credit Eight Targeted Groups

- Short-term Welfare recipients
- 18-24 yr-old Food Stamp recipients
- Veterans receiving Food Stamps
- Vocational Rehabilitation referrals
- 18-24 yr-old Empowerment Zone or Enterprise Community residents
- 16-17 yr-old Empowerment Zone or Enterprise Community residents hired as Summer Youth Employees
- Ex-Felons who are members of a low-income family
- Supplemental Security Income recipients

Missouri also has in place a range of programs to assist specific target groups including employers, adults, veterans and youth. For employers, there are two tax credit programs that offer financial incentives to hire welfare recipients and others with barriers to employment. The Welfare-to-Work Tax Credit Program is a tax credit of up to $8,500 per each new hire that meets long-term welfare recipient specifications. The Work Opportunity Tax Credit is an incentive for employers to hire from eight groups of people with barriers to employment. This credit totals up to $2,400 per each new hire. Each credit has additional employment requirements, and there is no limit on the amount per business or the total amount of credit annually issued.

Missouri also offers two types of training programs to assist employers in the training of new and/or existing employees. The Customized Training Program offers on-the-job and classroom training funding for Missouri businesses that are either creating new jobs in the state above their maximum employment in the last year or retraining current employees as a result of a substantial new capital investment in manufacturing. The Community College New Jobs Training Program gives assistance to companies that create a substantial number of new jobs in Missouri, through either workforce expansion or establishing a new facility in the state. This program partners with local community colleges to provide training opportunities.

There are also programs available for job seekers,. Adult Programs for those who are unemployed, have a limited income, or lack self-sufficiency include career and personal counseling, skills assessment, skills training and job search assistance. The Welfare-to-Work Grant Program helps certain long-term TANF (Temporary Assistance to Needy Families) recipients, non-custodial parents, and others. This program provides services in work readiness preparation, on-the-job training, job creation through public and private wage subsidies, job placement, basic education and vocational skills, and supportive services such as child care and transportation. The Dislocated Workers' Program helps permanently laid-off workers reenter the workforce through skills assessment, training, job development and placement, and counseling.

Missouri's Rapid Response Team aids businesses and employees faced with closings or layoffs. It meets with affected workers and provides services in the dislocated workers' program to expedite returning to work. Businesses facing possible downsizing or closure may receive economic development assistance. The Rapid Response Team also works with the community to restore jobs to the affected area.

Recent Rapid Response Team Actions

- A.P. Green Company
  Mexico, 2/20/02
- Folger Coffee Co.
  Kansas City, 2/15/02
- Altec Industries
  St. Joseph, 11/2/01
- Sweetheart Cup Company
  Springfield, 11/2/01
- South Side National Bank
  St. Louis, 8/15/01
- Elderwear
  Dexter, 6/20/01
- Biltwell Company
  Farmington, 6/4/01
- Heilig-Meyers Service Center
  Moberly, 5/18/01
- Honeywell
  Nevada, 5/7/01

Other workforce development programs include Veterans' Services and Youth Programs. Veterans' services offer prioritized employment and training services to eligible veterans. The Disabled Veteran's Outreach Program and the Local Veteran's Employment Representative Program are programs specifically geared toward servicing veterans. Youth programs target training and employment services to youth ages 14 through 21. These services involve classroom training and instruction, paid work experience, on-the-job training, and follow-up services for both the young employee and the employer. Another option for economically disadvantaged youth is Job Corps, which include residential and nonresidential centers that provide education and training to youth with need. Young persons ages 16 through 24 are eligible for vocational training, basic education, and some advanced education opportunities.

Missouri recently launched Toolbox, a consolidated computer-based system, to enhance employment and training services at Missouri career centers. Toolbox integrates a case management system, an information reporting system, and an internet-based job match and workforce information system. Information is entered into the system in real time and can be accessed around the clock by businesses and job seekers, and agency and partner staff. A security system ensures confidentiality of data. Missouri Toolbox improves customer service by eliminating some of the repetition of data and providing all partners with readily available information. Toolbox is a proactive step in streamlining Missouri's workforce system services.[30]

[30] "Missouri has the Right Tools for Businesses, Job seekers" *Missouri Division of Workforce Development.* News Release (December 21, 2001)

Suggestions for Workforce Development in Missouri

Recently Missouri has made strides in workforce development. Missouri met and exceeded WIA performance measures for Program Year 2000 (July 2000 – June 2001), missing only three of the seventeen criteria.[31] Despite these and other developments, Missouri still has room for improvement.

The Progressive Policy Institute (PPI) New Economy Index rankings list Missouri as 31st in the nation in Managerial, Professional, and Technical Jobs. The Managerial, Professional, and Technical Jobs indicator measures managers, professionals, and technicians as a share of the total workforce. This category includes, among others, careers such as managers, engineers and scientists, health professionals, lawyers, teachers, accountants, and consultants.

The PPI index rankings also indicate Missouri is 38th in Workforce Education. The Workforce Education indicator is a weighted measure of the educational attainment of the workforce (advanced degrees, bachelor's degrees, associate's degrees, or some college course work). Since the fastest growing category of jobs requires more education than in the past, a trained and educated workforce is essential in the new economy.[32]

Clearly, Missouri has much room for improvement in its workforce training system. The strategies and examples previously outlined suggest Missouri should consider the following action plans.

Oklahoma

The Career Connection Center in Oklahoma City developed an initiative to meet employers needs and treat them as business customers. The system is based on an employer needs survey, using O*NET (Occupational Information Network) to help employers define employment needs, hiring business sector staff to develop a Workforce Development Business Services Program, and forming a Business Services Project. The Business Services Project contains Business Evaluation Systems Teams (BEST) that are assigned growth industries segments to evaluate and determine workforce needs.[33]

Dual Customer Focus

Workforce development systems must recognize ***employers*** as well as job seekers as customers. Many employers are unaware of state workforce development systems or are wary of the services states have to offer. States must focus on employer needs and let them be active in the workforce development process. Business representatives are already required participants in Workforce Investment Boards (WIBs), establishing a link to the business community.

---

31 "Workforce Investment Act Annual Report: Program Year 2000." *Missouri Division of Workforce Development.* <www.ecodev.state.mo.us/mtec/index.htm>

32 "The State New Economy Index." *Public Policy Institute* (July 1999) <www.neweconomyindex.org>

33 This system is one of 25 nominees in an innovative and promising practices study by the John J. Heldrich Center for Workforce Development at Rutgers University on behalf on the U.S. Department of Labor. <www.heldrich.rutgers.edu/oklahomacity.htm>

Expanding this relationship increases the chance of success for workforce development systems and businesses.

Skills Partnerships

Skills partnerships have great potential in workforce development, creating a combined effort by states, employers, job seekers, training providers, employer organizations to alleviate skill shortages in the labor market. The detailed explanation provided earlier outlines steps to take to successfully achieve skills partnerships. MERIC's Target Missouri II analysis is a tool Missouri can use in designing these partnerships. Target Missouri II identifies what industries different regions of the state are best suited to and likely to match in skills and resources. The potential for using these reports is touched on in the Missouri Career Center *Basic Guidelines for Regional Investment Planning* and requires further consideration.[34] Additionally, Missouri's Community Action Agency network has existing offices in every Missouri county that could lend valuable assistance to a skills partnership.

Cross Training Staff and Seamless Integration

The One-Stop Centers present an excellent opportunity for states to integrate programs and services. Cross training of employees in many programs enhances customer service and provides both job seekers and employers with easy access to information. Integration addresses one of the concerns with current workforce development that, with so many assistance programs available, there is duplication of services across programs. Additionally, the process of being referred from agency to agency to access available programs discourages those seeking assistance.

Missouri should take a proactive approach in the organization of one-stop centers. Missouri citizens would benefit greatly from a true one-stop center that provided workforce, social, and educational services. These multi-functional one-stop centers could be created via a stronger state government partnership between the Departments of Economic Development, Social Services, and Elementary and Secondary Education.

These three agencies could partner or combine in the funding and staffing of one-stop centers. Agency staff could be cross-trained to create a more customer service oriented, seamless approach to the delivery of education, social and workforce training services. Clients could be assigned one caseworker that could enroll them in eligible programs and monitor their progress as they move through the system. Paperwork could be reduced if duplicate forms could be merged and filled out only one time, with one staff member. If necessary, these forms could then be distributed among the different agencies. Across all One-Stop Innovation sites nominated in

---

[34] Missouri Career Center "Basic Guidelines for Regional Workforce Investment Planning.*" Missouri Training and Employment Council* (November 2001).
<www.ecodev.state.mo.us/mtec/pdf/WorkforceInvestmentplanningguideattforIss03-01.pdf>;
Target Missouri II information available at <www.ded.state.mo.us/research/Industry/targetII/index.asp>

the John J. Heldrich Center for Workforce Development research, cross training of staff and team-building were named important strategies in successful one-stop centers.[35]

Marketing and Promotions

Since many businesses are unaware and skeptical of state workforce systems, involving businesses in workforce training and development plans and promoting the success of those plans is one method of changing perceptions. Informing workers, employers, and training providers of existing programs and services is a crucial step in garnering their participation in workforce development programs and subsequently improving Missouri's workforce system. Today's changing technology offers workforce development agencies numerous promotional mediums for distributing program information. Realizing that many of Missouri's employers and citizens are not aware of the services offered by Missouri's Workforce Development system, it is imperative that workforce development systems take advantage of these promotional opportunities.

Websites are an important part of a workforce development system, especially if emphasis is placed on customer self-service. Given the growing use of the Internet by businesses and individuals, utilizing websites to provide services and disseminate information is critical. Yet, only three of Missouri's thirty-two One-Stop centers and four of Missouri's Workforce Investment Boards have websites. Further, Missouri's Workforce Development website does not even provide links to the One-Stop sites or direct links to the Workforce Investment Board sites. Attempting to find the Workforce Investment Board sites is a difficult task. Unless an individual happens to find the site on a search engine, they must go through two to four different websites just to find an individual WIB website. Fortunately, the backward linkage network is quite good. If you manage to find an individual One-Stop or WIB site, they provide numerous links including to Missouri *WORKS!*, Workforce Development and various other state agencies and program partners.

While many aspects of Missouri's Workforce Development system are on-line, much of it is not user-friendly. In addition to the lack of site links between related sites, many sites are difficult to navigate, lack basic information, and rely heavily on graphics and animation that slow dial-up modems to a crawl. Sites should be designed to be visually appealing. However, ease of use should always be the driving factor in site design. Additionally, information such as hours of operation, services provided, and other helpful local links, such as chambers of commerce and educational institutions could be listed.

For example, Oregon’s Work-Links site (www.work-links.org) provides information on training services, a calendar of training events, printable blank forms for applying to programs, links to partners, and other useful information. Further, there is a Spanish version of the site, making it

[35] John J. Heldrich Center for Workforce Development at Rutgers University. <www.heldrich.rutgers.edu>

accessible for another set of customers.[36] Website development has endless opportunities to link customers with resources.

In addition to websites, one-stop centers have many options for marketing and promotions. One-stop centers should have brochures and printed materials that detail the services they provide. These could be placed in the one-stop center and with other related agencies and program partners. Schools and colleges are additional locations where information could be distributed. The Jefferson City one-stop center has achieved initial successes by sending personalized letters to area businesses, informing them about ways to participate in system. Additionally, Missouri's Workforce Development system should be taking advantage of public service announcements in print, radio and television, that can inform both employers and potential job seekers of the resources available through career centers and workforce development. Participation in local job fairs is another avenue for public exposure, not only to those seeking employment, but also to employers as well.

Another option career centers may consider is expanding the hours of operation. Most centers are open Monday through Friday from 8am to 5pm. Allowing some evening hours, even only a few days a week, can potentially reach a larger group of customers. Funding this increase in hours may be accomplished by cross-training staff to work in smaller groups, or by eliminating duplicative functions of similar programs. A survey of current and future customers may be necessary to determine if full or partial services are needed at additional hours. While implementing this practice may be challenging, it offers an opportunity to better serve a variety of customers.

Regions/Career Center Locations

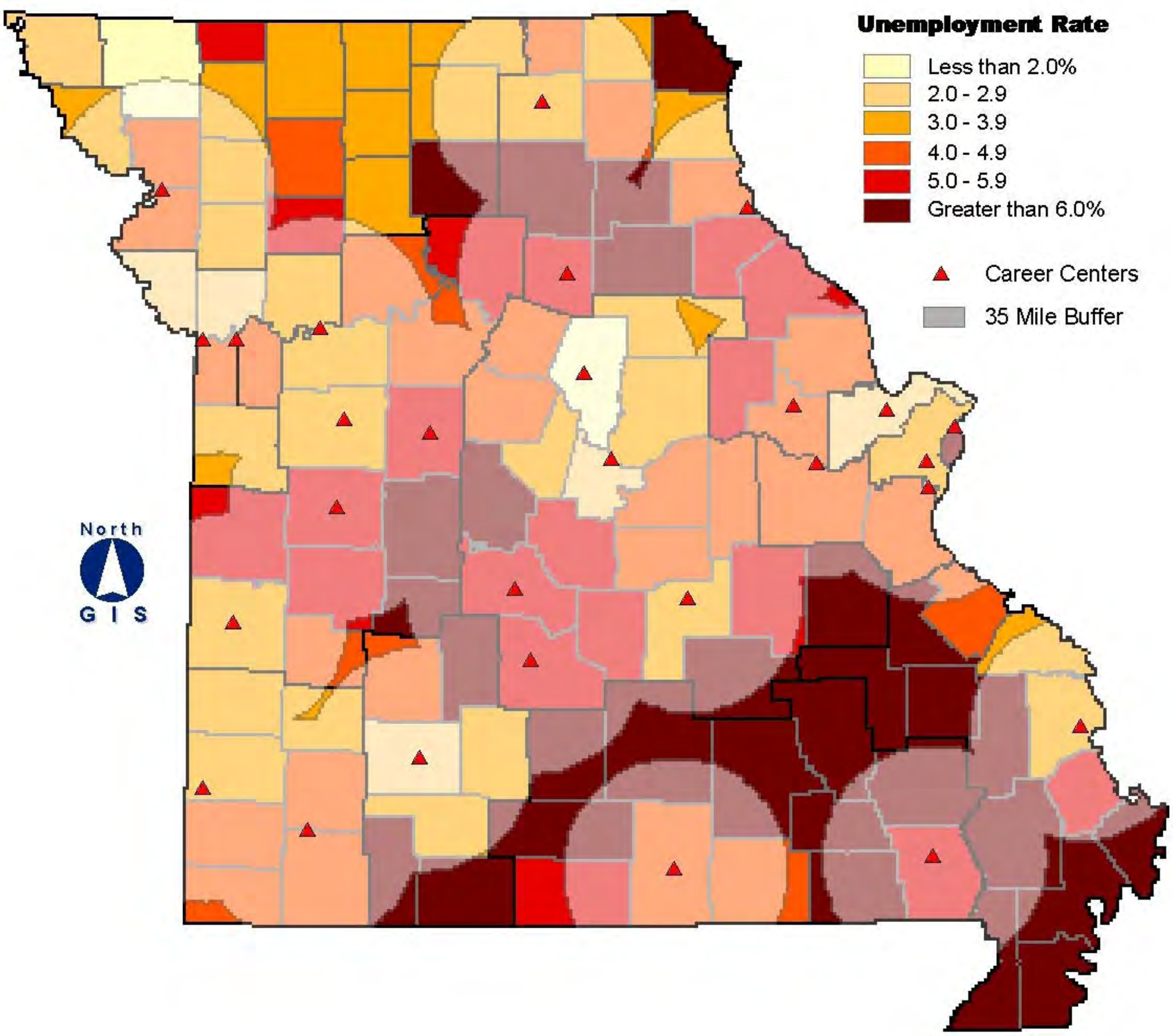
Missouri has fourteen workforce investment regions and thirty-two full service career centers. There are other "satellite" career centers, but the services they offer vary widely. Some regions hold several full service career centers while others have only one or two. For example, the Central Region contains five centers, while the Northwest, Ozark, and Southeast regions contain only one each. Although these regions vary in size and population density, the location of career centers in Missouri leaves some areas without easy access to them. The following map shows a 35-mile radius around each full-service career center. Those located in the non-shaded areas must travel more than 35 miles to reach the nearest center. Unfortunately, many of Missouri's rural areas, typically those with little or no public transportation, are the very areas where job seekers must travel more than 35 miles to reach the nearest one-stop center.

Also shown in the map are preliminary county unemployment rates for 2001. It is interesting to note that in southeast Missouri, where unemployment rates generally exceed the rest of the state, there are large service gaps between career centers. The northwest corner of the state, though not as often plagued by high unemployment, also has a large area without easy access to career

[36] www.work-links.org

center services. Clark County, in the northeastern-most corner of Missouri, with an average of more than 6 percent unemployment in 2001, is outside of a service area as well. Whether additional career centers should be added or not is a question for the state workforce investment board to decide.

Missouri Career Center 35 Mile Service Area and 2001 Annual Unemployment Rate*



**Preliminary 2001 estimates by MERIC*

Missouri career centers hold the potential to redefine workforce development in the state. Using the one-stop system and these suggestions can bring Missouri to the forefront of workforce

training and development. Utilizing a dual customer focus, skills partnerships, marketing strategies that change negative perceptions of state workforce systems, and continuing to evaluate the career center system can help Missouri states stay in pace with the New Economy.

Conclusion

There is little question that trends in the New Economy have changed the way business is done, and knowledge and skills now determine the competitive edge. Research shows that more and more jobs are requiring higher levels of skill than in the past. Research also shows that the labor force as a whole, has not adapted to the changes, resulting in low-skilled, low-waged workers. Businesses lack qualified workers, employees lack the ability to get quality jobs, and governments are faced with the challenges of both.

Common trends emerging from successful workforce transformation programs include strong leadership and active involvement of governors, building a unified workforce development system, repositioning workforce development as a core economic growth strategy, and a dual customer approach to workforce development. Skills partnerships that team companies, educational institutions, training programs, and others are a proven strategy in workforce development. The successes of these practices provide an example for workforce development systems.

Missouri has many programs in place and has made strides in workforce development, including meeting and exceeding most of its WIA performance standards in 2000 and the implementation of the Toolbox information integration system. However, Missouri stands to benefit from following trends in workforce development, especially in such areas as a dual customer focus, the creation of skills partnerships, and marketing and promotions.

While all Missouri practices and innovations were not discussed in this report, and some exciting new ideas may be in the works, Missouri was not currently found on national best practices lists for workforce development. The implementation of some of the ideas presented in this report may assist Missouri in not only adapting to the changes of the new economy, but becoming a leader in workforce development as well.

Resources

Atkinson, Robert A. "Building Skills for the New Economy: A Policymaker's Handbook." Policy Report. *Progressive Policy Institute* (April 2001)

Bloom, Michael R. and Lafleur, Brenda. "Turning Skills Into Profit: Economic Benefits of Workplace Education Programs." *The Conference Board* (1999)

"Current Staffing Survey." *American Management Association* (March 2001) <www.amanet.org/press/research/2001_staffing_survey.htm>

"Everybody Wins: Effectively Involving Business in Workforce Development." *Jobs for the Future* (June 2001)<www.jff.org/pdfs%20and%20downloads/Everybody%20WINs.pdf>

Ganzglass, Evelyn; Jensen, Martin; Ridley, Neil; Simon, Martin; Thompson, Chris. "Transforming State Workforce Development Systems: Case Studies of Five Leading States." *The National Governors Association for Best Practices* (June 2001) <www.nga.org/common/issueBriefDetailPrint/1,1434,2352,00.html>

Mills, Jack and Prince, Heath. "Employer Led Organizations and Skill Supply Chains: Linking Worker Advancement with the Skill Needs of Employers." *Jobs for the Future* (May 2001) <www.jff.org/pdfs%20and%20downloads/Skill_chains.pdf>

"Life Advice About Changing Your Job." *MetLife Consumer Education Center* <www.pueblo.gsa.gov/cic_text/employ/change-jobs/changjob.htm>

Missouri Association for Community Action (March 2002) <www.communityaction.org>

Missouri Career Center "Basic Guidelines for Regional Workforce Investment Planning." *Missouri Training and Employment Council* (November 2001) <www.ecodev.state.mo.us/mtec/pdf/WorkforceInvestmentplanningguideattforIss03-01.pdf>

"Missouri has the Right Tools for Businesses, Job Seekers." *Missouri Division of Workforce Development* News Release (December 21, 2001)

"One-Stop Innovations." *John J. Heldrich Center for Workforce Development at Rutgers University* <www.heldrich.rutgers.edu/oklahomacity.htm>

Oregon Work-Links website. <www.work-links.org>

"Plain English Version of the Workforce Investment Act of 1998." <www.usworkforce.org/asp/act.asp>

"Summary of the Workforce Investment Act of 1998." *The National Governors Association for*

Best Practices <www.nga.org>

"The Changing Search for Employees." National Small Business Poll. *National Federation of Independent Business* (2001) <www.nfibonline.com/PDFs/sbpoll/laborpoll.pdf>

"The Skills Gap 2001." *National Association of Manufacturers Center for Workforce Success* (2001) <www.nam.org/tertiaryasp?TrackID=&CategoryID=107&DocumentID=23973>

"The State New Economy Index." *Public Policy Institute* (July 1999) <www.neweconomyindex.org>

U.S. Department of Labor Bureau of Labor Statistics. <www.bls.gov>

"Using Regional Skills Partnerships to Address Skill Shortages." *The National Governors Association for Best Practices* (August 2001) <www.nga.org/common/issueBriefDetailPrint/1,1434,2565,00.html>

Van Opstal, Deborah. "The Skills Imperative: Talent and U.S. Competitiveness." *Issues in Science and Technology* (Fall 2001)

"Workforce Investment Act Annual Report: Program Year 2000. *Missouri Division of Workforce Development* <www.ecodev.state.mo.us/mtec/index.htm>

This Report Written by:
Kerri Tesreau
Veronica Gielazauskas

Others Contributing to this Report:
Kevin Highfill
Zachary Johnson
Holly Harber

Missouri Economic Research & Information Center
Missouri Department of Economic Development
Harry S. Truman Building, Room 580
Jefferson City, MO 65109
(573) 522-6261
http://www.MissouriEconomy.org

MISSOURI ECONOMIC RESEARCH & INFORMATION CENTER